

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-01 H-01 INR-05 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

SWF-01 IO-10 /094 W

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R 032108Z DEC 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 6816

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EO 11652 NA

TAGS: ETRD VE

SUBJ: US-VENEZUELAN TRADE RELATIONS

1. DR DARIO BAUDER, DIRECTOR OF COMMERCIAL POLICY OF THE VENEZUELAN FOREIGN COMMERCE INSTITUTE, EXPRESSED A PESSIMISTIC VIEW OF PROSPECTS FOR US-VENEZUELAN TRADE RELATIONS IN COMMENTS TO AN EMBASSY OFFICER FOLLOWING HIS RECENT VISIT TO THE US AS A PARTICIPANT IN A STATE-USIS SPONSORED "STUDY TOUR" FOR GOV OFFICIALS. THE VISIT INCLUDED CONVERSATIONS WITH STAFF MEMBERS OF THE SENATE FINANCE COMMITTEE AND THE COUNCIL OF ECONOMIC ADVISERS.

2. BAUDER GAINED THE DISTINCT IMPRESSION THAT VENEZUELA AND OTHER OPEC COUNTRIES ARE LIKELY TO BE EXCLUDED FROM BENEFITS OF GENERALIZED TRADE PREFERENCES COVERED BY TITLE V OF THE TRADE BILL ON GROUNDS THAT CONSORTINT TO RAISE PETROLEUM PRICES CONSTITUTES AN UNFRIENDLY ACT. BAUDER FORSAW THAT MANY OTHER LDCS WOULD BE EXCLUDED UNDER THE SENATE FINANCE COMMITTEE VERSION OF THE BILL SINCE MANY DEVELOPING COUNTRIES SEE JOINT ACTION AS AN EFFECTIVE MEANS OF PROTECTING THEIR INTERESTS AND ARE LIKELY TO FOLLOW THE EXAMPLE OF THE OPEC COUNTRIES.

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BAUDER DID NOT THINK THAT THE EXCLUSION WAS LIKELY TO BE

ELIMINATED IN FURTHER CONSIDERATION OF THE BILL. HE BELIEVES
THAT THE ADMINISTRATION WILL NOT OPPOSE IT STRONGLY.

3. BAUDER COMMENTED THAT IT IS IRONIC THAT THE TRADE BILL IS LIKELY
TO FACILITATE TRADE WITH TRADITIONAL ENEMIES OF THE US SUCH AS THE
USSR, WHILE IT WILL PUT SERIOUS OBSTACLES IN THE WAY OF TRADE WITH
VENEZUELA AND OTHER FRIENDLY DEVELOPING COUNTRIES. HE THOUGHT
THAT THE IMPACT OF EXCLUSION FROM GSP WOULD BE MORE POLITICAL
THAN ECONOMIC. HE DOUBTED THAT THE SAVING CLAUSE IN THE GSP
EXCLUSION (RELATING TO BILATERAL AGREEMENTS) WOULD BE OF MUCH USE.

4. BAUDER ALSO RECEIVED THE IMPRESSION THAT THE US IS NOT
INTERESTED IN A SERIOUS DIALOGUE WITH PETROLEUM PRODUCERS UNLESS
AND UNTIL OIL PRICES FALL AND THE US BARGAINING POSITION IS IMPROVED.

5. COMMENT: BAUDER, WHO SERVED PREVIOUSLY AS VENEZUELAN PETROLEUM
ATTACHE IN WASHINGTON, IS VERY FRIENDLY TO THE US. HIS PESSIMISTIC
OUTLOOK IS A DISCOURAGING SIGN THAT THE GOV WILL TAKE VENEZUELAN
EXCLUSION FROM GSP VERY SERIOUSLY . END COMMENT.
MCCLINTOCK

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, PETROLEUM, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 03 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CARACA11959
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740350-1054
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741266/aaaacecm.tel
Line Count: 81
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 23 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 SEP 2002 by kelleyw0>; APPROVED <13 MAR 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US-VENEZUELAN TRADE RELATIONS
TAGS: ETRD, PFOR, VE, US, OPEC, (BAUDER, DARIO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005